

December 15, 2004

Via E-mail

Charles C. S. Iannello
Senior Economist
Energy Division - Policy Program
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, IL 62701

Re: Comments on Distributed Generation Interconnection Draft Documents

Dear Mr. Iannello:

Pursuant to your notice of October 25, 2004, inviting comments on the Illinois Commerce Commission's ("ICC") most recent draft distributed generation interconnection documents, Commonwealth Edison ("ComEd") is pleased to submit the following comments. ComEd appreciates the opportunity to offer these comments, and looks forward to working with Staff and other stakeholders to further explore these issues. Please note that these comments are provided for discussion purposes only and do not necessarily reflect the entirety of ComEd's position on any portion of this proposed rule or the final position ComEd may take in any subsequent proceeding. In separate documents attached hereto, ComEd submits answers to the six questions posed in your notice and comments (in redline, "track changes" format) on Staff's Version #3 of the draft rules.

I. Introduction

As noted previously, ComEd and its affiliates have been strong supporters of standardization of generation interconnection under the Federal Energy Regulatory Commission's ("FERC") jurisdiction, and ComEd is committed to supporting the development of fair and efficient standard interconnection rules on the state level, as well.

ComEd's commitment to fair and efficient interconnection is reflected in its past actions. Since 1999 alone, ComEd has interconnected 21 new Independent Power Producers ("IPPs") to its transmission system, totaling 8,750 MW of new generation. In addition to the IPPs, ComEd has interconnected over 200 self-generation customers, varying in size from 75 kW to 60 MW, as well as many small renewable resources under 50 kW (such as solar panels and wind turbines) to its system. To accomplish this, ComEd has dedicated resources and personnel responsible for evaluating proposed

generator interconnections and working closely with the developers and customers to achieve a successful outcome.

Again, ComEd must point to the success of its "Guidelines for the Interconnection of Distributed Generation to the ComEd System" (the "DG Book"). The DG Book was published to assist ComEd's customers through the established interconnection process for distributed resources that ComEd has used successfully for years. The DG Book explains processes associated with the interconnection of distributed generation to the ComEd system and includes a range of information concerning rates, metering, telemetry, stability, wind and photovoltaic generation, application forms, inspection criteria, approval milestones and generation plan designations – thus providing the most detailed information available for a potential interconnection customer without a special study of the specifics applicable to the proposed arrangement. Copies of the DG Book were distributed after its publication to the ICC, the City of Chicago, the FERC, the Midwest Cogeneration Association and various distributed generation suppliers, developers and customers. It is currently available electronically to anyone upon request at no cost.

ComEd's comments to the proposed rule provide a perspective based on its experience and success in interconnecting a vast and diverse generation portfolio in Illinois, and are intended to bring it more in-line with fair and realistic practices. The proposed revisions are provided to help the rule more effectively accomplish its objectives of creating fair and standardized terms and conditions, and realistic technical requirements, that will promote the safe, efficient, and reliable interconnection and parallel operation of distributed resources. Accomplishing this helps all parties – interconnection providers, generators, and customers.

II. General Revisions

1. Personal safety and reliability of the system must be protected.

Provisions in the draft rule that address equipment and life safety implications of low-voltage network interconnection, use of synchronous and induction generators, and aggregate generation on system elements must be reinforced. Necessary safety measures are not unfair to interconnection customers and should not be compromised.

2. The Interconnection Providers Must Be Given Adequate Time To Complete Identified Milestones

The ICC can best achieve the goal of expediting interconnections of distributed resources by specifying prompt, but realistic, timelines. Setting timelines that are unnecessarily short or often unrealistic given the work that is required benefits no party, and can in fact prevent efficient scheduling and reduce the quality of interconnection work. In considering this issue, ComEd emphasizes that the size and type of the

generation facilities being interconnected do not themselves dictate the time or the resources needed to conduct a proper engineering evaluation of the effect of the interconnection. Imposing unrealistic time deadlines on interconnection providers will inevitably result in hasty analyses that can negatively impact the safety and reliability of the system.

Accordingly, ComEd proposed modest modifications to timelines throughout the proposed rule as a reasonable compromise to achieve the ICC's goal of expediting interconnections while also protecting the safety and reliability of the system. These proposals are based on ComEd's extensive experience interconnecting generation resources to its system, and retain the rule's emphasis on prompt action. They are intended to respect the needs of both interconnection providers and interconnection customers to get their respective jobs done.

3. The Interconnection Providers Should Not Be Required To Make Unnecessary and Burdensome Filings With The ICC

Under certain provisions of the proposed rule, the interconnection provider is required to make unnecessary and burdensome filings with the ICC. Putting aside the question of whether the rule inappropriately restructures utilities' existing tariffs or provides for the filing of a new tariff, ComEd believes that the purpose of the rule can best be accomplished without these requirements.

First, under Section XXX.060, the provider is required to file a tariff that includes set rates for the initial reviews required under the rule. The rule proposes that the rates "shall be differentiated by the nameplate capacity of the generator being interconnected and characteristics of the circuit at the proposed point of interconnection." This incorrectly presumes that the cost of the initial review is dictated solely by the size of the generator and the location of the interconnection. In fact, experience has shown that there are several other factors that can and do significantly affect costs – including size of the generator, line voltage, and the amount of load on the line segment. These factors cannot all be anticipated in a vacuum for purposes of establishing set flat "one-size-fits all" rates to be filed in a tariff.

However, ComEd recognizes the interconnection customer's and the ICC's desire for cost transparency. Accordingly, it has revised the language in the proposed rule to require the interconnection provider to post its current charge per engineering man-hour on its website, so that the interconnection customer can determine the magnitude of the initial review cost once the provider has estimated the time required for it to be completed.

The proposed rule would likewise require an unnecessary tariff filing under Section XXX.130. In that section, the interconnection provider is required to file a tariff

incorporating the final rule. The rule itself will contain the procedures, the form applications, and the form interconnection agreement. Requiring each interconnection provider to file those exact same documents in a tariff is inconsistent with past practice, simply unnecessary duplication, and serves no apparent purpose.

Finally, in Section XXX.150, the ICC requires the interconnection provider to notify the ICC when it has missed a time deadline imposed under the rule. This provision does not, however, explain the purpose of such a filing. There could, and most likely will be on occasion, unforeseen circumstances that will require an interconnection provider to need additional time to complete a specific task. In most cases, the interconnection provider and the interconnection customer will be in constant communications about a potential delay. In many cases, the interconnection customer will need additional time to complete its tasks. Requiring automatic notices to the ICC, any time an interconnection provider requires an extension of time, sends a false message that extensions under any circumstance violate the letter of the rule and must be monitored. It also takes time to complete and file the notice, which time could be better spent by interconnection provider personnel in working on the interconnection project itself. Moreover, the interconnection customer is always free to register a complaint with the Commission if it believes that ComEd is in violation of the rule.

III. Specific Revisions

With the exception of ComEd's general suggestions as described above, most of ComEd's proposed revisions have been drafted in the proposed rule using the "track changes" feature. Those changes that are not self-explanatory are explained directly in the rule, as requested by your notice.

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IV. Conclusion

ComEd hopes its comments based on its experience and successes with generation interconnections are helpful. ComEd looks forward to playing an active role with Staff and other stakeholders in the finalization of these interconnection documents.

Thank you.

Very truly yours.

A handwritten signature in cursive script that reads "Paul R. Crumrine".

Paul R. Crumrine
Director, Regulatory Strategy and Services

Enclosure